

# **BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN AND TRUST**

Bal Harbour Village Hall, 2<sup>nd</sup> Floor Conference Room  
655 – 96<sup>th</sup> Street, Bal Harbour, Fl 33154  
REGULAR QUARTERLY MEETING – APRIL 25<sup>TH</sup>, 2016

**1. Call to Order** – Chairman Paul Eppler called the meeting of the Bal Harbour Village Police Officers' Pension Plan to order at 3:05 P.M.

**Roll Call** – Chairman Paul Eppler, Secretary Abraham Gotman, David Levin (arrived at 3:38 P.M.), Daniel Gold and Hector Gonzalez.

**OTHERS PRESENT:** Gregg Gosch from Sawgrass Asset Management, Michael Futterman from Marcum, Patrick Donlan from Foster & Foster, John McCann from The Bogdahn Group, Paul A. Daragjati, Esq. from Klausner, Kaufman, Jensen & Levinson, in conjunction with Stephen H. Cypen, Esq., Attorney for the Plan, who was absent, and Joan L. Wall, Clerk to the Board of Trustees.

**2. Additions/Deletions to Agenda** – The invoice from Salem Trust Company in the amount of \$2,879.37 was received after the agenda was posted, bringing the total for Warrant #093 to \$52,601.45.

**3. Approval of Minutes for the meeting of January 25<sup>th</sup>, 2016.** Chairman Eppler presented the minutes from the previous meeting for approval. Daniel Gold moved to approve. Dr. Gotman seconded the motion. The motion carried unanimously.

**4. Approval of Warrant #093.** Chairman Eppler presented Warrant #093 totaling \$52,601.45 for approval and payment. Daniel Gold moved to approve payment. Hector Gonzalez seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, February, March & April, 2016 Retainers @ \$2,000	\$ 6,000.00
Joan L. Wall, 1/15 – 4/16/16, 57 ½ hrs @ \$46.79, plus expenses \$186.97	\$ 2,955.23
Sawgrass Asset Management; Investment Fee for Qtr Ending 3/31/16	\$23,132.93
Salem Trust Company, 1/1/16 – 3/31/16 Invoice	\$ 2,879.37
The Bogdahn Group, Performance Report for Qtr Ending 3/31/16	\$ 4,386.72
Holland & Knight, Invoice #3293011, dated 1/21/16	\$ 5,280.00
Holland & Knight, Invoice #3307556, dated 2/25/16	\$ 3,053.20

Holland & Knight, Invoice #3320866, dated 3/29/16	\$ 650.00	
<u>TOTAL</u>		\$ 8,983.20
Marcum, Invoice #101005965, dated 1/31/16 (in full)		\$ 4,264.00
<u>TOTAL For Warrant #093</u>		<u>\$52,601.45</u>

**5. Approval of Retirement Benefit** (end of DROP) and DROP Distribution. Chairman Eppler presented the retirement benefit to begin June 1<sup>st</sup>, 2016 after the end of DROP participation for Ernest Febbraio in addition to his DROP Distribution. Hector Gonzalez moved to approve. Daniel Gold seconded the motion. The motion carried unanimously, authorizing payment of the following:

Ernest Febbraio, Monthly Pension Benefit commencing June 1, 2016	\$ 2,326.45
Rollover of DROP Balance as of 5/31/16 (to be paid on or after June 1, 2016)	\$143,510.19

**6. UNFINISHED BUSINESS.** Signed copies of Ordinance No. 584 and Resolution No. 2016-991 were received since the last meeting.

## **NEW BUSINESS**

**7. a) Marcum – Presentation of the September 30<sup>th</sup>, 2015 Financial Statements.** Michael Futterman from the firm reviewed the report with those present. Page 2, second paragraph, stated that in the opinion of Marcum the financial statements present fairly, in all material respects, the respective fiduciary net position of the Plan, as of September 30, 2015, and the respective changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Based on this unmodified or clean opinion, Daniel Gold moved to approve. Hector Gonzalez seconded the motion. The motion carried unanimously.

### **7. b) Foster & Foster**

- **Presentation of the October 1, 2015 Actuarial Valuation Report.** Patrick Donlan from Foster & Foster presented the valuation stating there had been numerous plan changes since the prior valuation, specifically:
  - Amending the definition of Final Average Compensation to be the average of the highest four complete years of compensation.
  - Members hired on or after September 21<sup>st</sup>, 2015 will become FRS members and not participate in this Plan.
  - Benefit accrual rate for service on and after September 21<sup>st</sup>, 2015 is reduced from 3.5% to 3.0%.
  - A defined contribution (DC) plan is created as a component of this Plan, but will not be activated unless and until a portion of Chapter 185 premium tax revenues have been assigned to fund the DC plan.



- The COLA, effective September 21, 2015, is being reduced from 2.5% to 1.25% and deferred 5 years

Based on the October 1, 2014 Valuation date, the total required contribution due for 9/30/2016 is \$1,394,973 less expected member contributions of \$163,970, less estimated State contribution of \$48,213 leaving a balance due from the Village of \$1,182,790. These dollar amounts reflect a decision by the Village to utilize actuarial funding requirements, determined as dollar amounts, as allowed by the Division of Retirement. Daniel Gold moved to accept the October 1, 2015 Actuarial Valuation as presented. Hector Gonzalez seconded the motion. The motion carried unanimously.

- The GASB No. 67 and 68 Report was previously provided to the Village.
- Mr. Donlan advised his 4/8/16 letter regarding Dollar Funding Method should be sent to Finance.

Mr. Donlan was asked if all the issues raised by the Division of Retirement in their September 13<sup>th</sup>, 2013 letter had been addressed and taken care of. Mr. Donlan stated the investment return assumption of 8.0% still remains. It was Mr. Donlan's recommendation that an Experience Study be performed, as the last one was done in 2008. The cost for this would be \$6,000. After discussion Hector Gonzalez moved to have an Experience Study performed. Dr. Gotman seconded the motion. The motion carried unanimously. Mr. Donlan stated he would present the study at the next quarterly meeting.

#### **7. c) Gregory Gosch, Sawgrass Asset Management – Investment Report.**

While the end result was a benign return of 1.3% for the S&P500, the action during the quarter reflected the index falling more than 11% into early February with a strong rally producing a small but positive return. Exposure to lower risk companies was positive for the quarter as lower volatility and lower beta resulted in positive factor returns for the quarter. After a challenging 2015 we at Sawgrass were glad to start 2016 with positive relative returns as investors shifted away from the momentum stocks. We may be looking at more volatility similar to what has been seen in the last three quarters. Outlook for the bond market after the first rate hike will depend on the domestic economic data, the external macro factors and financial conditions in the near term.

#### **7. d) John McCann, The Bogdahn Group – Performance Report for the quarter ending March 31<sup>st</sup>, 2016.**

The compliance report reflected all items were in compliance. Asset allocation was 58.1% Domestic Equity, 38.3% Domestic Fixed Income and 3.6% Cash Equivalents for a total market value of \$18,998,126 up from last quarter by \$193,451. The net return for the quarter was 2.35%, 2.00% for one year, 8.27% for three years and 8.96% for five years as compared with the fund policy returns of 1.88%, 2.14%, 7.89% and 8.27% for the same time periods. Equities outperformed for all time periods, with Fixed Income lagging for the quarter and one year time periods. Mr. McCann also reviewed with those present on asset allocation analysis of US Large Cap and US Small Cap stocks.



**7. e) Review/Accept – Net DROP Return of 2.35% for the Quarter Ending March 31, 2016.** Based on the report provided by Mr. Mc Cann, Daniel Gold moved to accept the return. Hector Gonzalez seconded the motion. The motion carried unanimously.

**7. f) Adopt Annual Rate of Investment Return – for current year, next year and going forward,** as required by the Division of Retirement. Daniel Gold moved to adopt 8% return. Hector Gonzalez seconded the motion. The motion carried unanimously.

**7. g) Contracts from Fiduciary Trust for Trustees' Signature.** The contract form had been approved by Attorney Cypen previously. Daniel Gold moved to approve signing the agreements with Fiduciary Trust. Hector Gonzalez seconded the motion. The motion carried unanimously.

**7. h) Schools/Conferences**

- **FPPTA**, 32<sup>nd</sup> Annual Conference, June 26 – 29, 2016, Hyatt Conference Center, Orlando, FL
- **FPPTA** – 12<sup>th</sup> Annual Fishing Tournament, 5/13 – 15/2016, Tarpon Lodge, Pine Island, FL
- **Division of Retirement** – 37<sup>th</sup> Annual Police & Fire Trustees School, May 16 - 18, 2016 at Augustus B. Turnbull III Florida State Conference Center, Tallahassee, FL

**8. Input from Active/Retired Members** – None.

**9. Trustees' Concerns** – Chairman Eppler requested preparation of an ordinance providing for retired officers working details in the Village that would comply with IRS requirements. Attorney Daragjati stated he would look into this and provide an ordinance that could be adopted by the Village.

**10. Public Comments** - None.

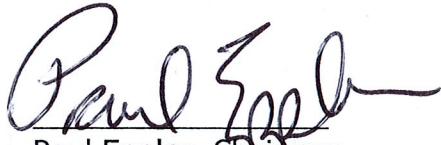
**11. REPORTS**

- **Attorney** – Code of Conduct for Public Pension Service Providers (NCPERS)
  - David Levin moved that Bal Harbour Village Police Officers' Pension Plan adopts the NCPERS Code of Conduct for Public Pension Service Providers and asks our current providers to endorse the Code of Conduct. Daniel Gold seconded the motion. The motion carried unanimously.
  - Hector Gonzalez moved that Bal Harbour Village Police Officers' Pension Plan incorporates the NCPERS Code of Conduct for Public Pension Service Providers as part of our service provider searches/requests for proposals (RFP) process. Daniel Gold seconded the motion. The motion carried unanimously.

- Daniel Gold moved that Bal Harbour Village Police Officers' Pension Plan notifies NCPERS of our decision to adopt the NCPERS code of Conduct for Public Pension Service Providers. David Levin seconded the motion. The motion carried unanimously.
- Attorney Daragjati reminded the board that the next year's budget should be on the July agenda for approval.
- **Board Clerk –**
  - Annual Affidavits sent 1/5/2016, All received
  - Quarterly COLA Update – Mr. Futterman had reported earlier that this was not something he had requested to be on quarterly agendas.
- **Other**
  - Holland & Knight 2/23/16 Letter re: Normal Retirement Age Regulations
  - Sawgrass Asset Management – Current Certificate of Liability Insurance

**12. Next Meeting Date/Adjournment** – Chairman Eppler announced the next quarterly meeting was scheduled for Monday, July 25<sup>th</sup>, 2016 at 3 P.M. There being no further business before the board, Hector Gonzalez moved to adjourn at 4:36 P.M. Daniel Gold seconded the motion. The motion carried unanimously.

Respectfully submitted,

  
Paul Eppler, Chairman

  
Dr. Abraham Gotman, Secretary